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Deans, James

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THE BEST METHOD
OF
CONSOLIDATING AND FEDERATING
EXISTING PRODUCTIVE EFFORT.

BY
MR. J. DEANS.

PAPER READ AT THE TWENTY-FOURTH ANNUAL
CONGRESS OF CO-OPERATIVE SOCIETIES,
HELD AT ROCHDALE, JUNE, 1892.

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THE BEST METHOD
OF
CONSOLIDATING AND FEDERATING
EXISTING PRODUCTIVE EFFORT.

By MR. J. DEANS.

The CHAIRMAN then called upon Mr. J. DEANS (secretary of the Scottish Section) to read his paper on the above subject:—

At the Congress held a year ago in the city of Lincoln, a very able and most suggestive paper, prepared by Mr. W. G. Harrison, on the subject of "How best to Consolidate and Improve the Position of Co-operative Productive Societies," was read by him and discussed at length by the assembled delegates. The scope of Mr. Harrison's excellent paper was, however, by its title of necessity confined to the treatment of productive effort, as being carried on by the productive societies, but taking no cognisance whatever of the extensive efforts at production by the two Wholesale Societies. This subject, through its imperative importance, has been again selected for discussion at the present Congress, but the title has been wisely altered, so as to bring within its scope all productive effort, whether it be carried on by the Wholesale Societies or by productive societies existing quite independently of them.

The extent to which the Wholesale Societies have already entered into the province of production, their command of capital united with the healthy grasp of a ready and safe market in their possession for many articles of production, enabling them at any time with ease to greatly extend their operations in the sphere of productive effort—conditions which constitute them powerful factors either in helping forward or in retarding the success of any scheme propounded for the consolidating or federating of existing productive effort, and prove that no scheme can be considered as either complete or to have more than a partial prospect of success, in which they are not included, or on which they have not been consulted, and to which they are not consenting parties. It is right, therefore, if the valuable time of the Congress is to be absorbed in the discussion of a scheme for such an important object as the title of this paper implies, that the scheme submitted should be comprehensive in its scope, embracing the affiliation of every form of co-operative productive enterprise.

THE OBJECT OF PRODUCTIVE EFFORT.

It is requisite, before further entering into the subject, that we should have before us a clear conception of what is meant when we speak of co-operative productive effort. It is rather a difficult matter to give a concise and explicit definition of what is included in co-operative production, associated production in its nature being a difficult and complex problem. In the co-operative movement this difficulty is much intensified by the various and conflicting schools of thought into which co-operators on this subject are divided. It does not belong, however, to our present purpose to enter upon or to discuss the merits of these points of difference. It will not be disputed by the earnest and the thoughtful of either of these schools that the principal purpose of productive co-operation is, by one or other of the methods proposed and in operation, to immensely broaden the basis upon which the industrial operations of the country are presently conducted; to lift the worker above the condition of being a mere wage-receiver; to secure for him a considerable measure of control over the conditions and an equitable share in the profits of his labour; to improve the worker's social position in life; to gradually eliminate from the industry of the country the jarring elements which tend to produce conflict between employer and employed; to so harmonise their relationship as to practically solve the great labour problem, and thus effectively disperse the social storm clouds that constantly overshadow the nation by the continual conflict existing between capital and labour.

THE PRESENT POSITION OF CO-OPERATIVE PRODUCTION.

It is not necessary for the present purpose to go back into the past history of productive co-operation, to describe its numerous attempts and its disastrous failures, or its encouraging successful efforts; our main object being to point out the position of existing productive effort and, if possible, devise a scheme suitable for its consolidation or federation.

To the enthusiastic and the sanguine in the power and influence of associated industry, the contemplation of the present condition of co-operative productive effort must be most disappointing and discouraging; a thing of shreds and patches, with no recognised system for either its guidance towards permanent progress or consolidation; each society fighting solely for its own hand, many of them struggling to gain a footing under conditions of extreme difficulty. Societies are prematurely called into existence whose chances of success are of the most hopeless nature, expecting evidently to be succoured by co-operative capital and trade. But they find themselves woefully disappointed, they linger for a time, and then disappear. The births and deaths are nearly balanced, little or no increase in the number of societies being accomplished. Again, we have the Wholesale Societies, with the products of the large factories, com-

peting with the productive societies for the trade of a very limited market, forming the disagreeable spectacle of the evils of competition that prevails as keenly in the sphere of co-operation as anywhere in our private commercial system, which co-operation was instituted to supersede. Now, this is a sad condition of things for co-operators to contemplate, neither creditable to the organising business capacity nor to the intelligence and forethought of the leaders of the co-operative movement.

THE NECESSITY FOR UNITED ACTION.

Success in productive effort being the admitted goal of the co-operative movement, it must be apparent that the best method of consolidating or federating existing efforts by effectively removing the competition, the friction, and the want of some organised mutual system that prevails, is at once the burning question, the problem that above all others requires—nay, demands, immediate and serious attention. The present position of matters cannot be allowed to continue; a way out of it by some means or other will have to be found; a satisfactory solution of the problem must be speedily arrived at, or it is more than probable that private enterprise, inspired by the weakness of our position through this division and conflict, will strike in and reconquer all that it has cost such a struggle to gain. Whether or not such an undesirable consummation is to be accomplished in the future, depends almost entirely upon the attitude assumed by the recognised leaders of the movement, in the consideration, and in the efforts put forth to solve this important question. If any real progress is to be achieved, and the impending conflicts of the present position are to be averted, it is imperative that the leaders should divest themselves of every vestige of prejudice, of every personal or other motive alien to the best interests of the movement, by approaching the question, and grappling with its difficulties in the spirit and with the force of men inspired with the hope and the purpose of successfully advancing a great progressive principle, bringing to bear upon its solution the strong light of reason, the logic and power of argument, and the clear discrimination of sound common-sense. Rest assured it is a problem that lies straight across the path, and threatens not only to stay the progress of all productive effort, but also to destroy the harmony and cohesion of this great movement. Therefore, the men or the parties, whoever they may be, who, swayed by prejudice or any other motive whatever, shall exercise their position or power to prevent the consolidating or federating of existing effort to establish and propagate co-operative production, take upon themselves most serious responsibilities, for the consequences of which an indignant movement may yet call them seriously to account.

CONSOLIDATION OR FEDERATION—HOW BEST TO ACCOMPLISH OUR AIMS.

The question of how best to improve productive effort either by consolidation or federation has been so frequently discoursed upon

by so many of the most experienced and able thinkers of the movement that it has become a very difficult task to say much upon it that is either fresh or original. The question is also one of such an intricate and complex nature that it is needless to pretend to solve its many difficulties in a single effort, and all that I can hope for is that my paper may contribute to an intelligent and useful discussion of this important question. I would therefore, after much careful consideration, submit the following proposals as a means of bringing about the best method of consolidating or federating existing or prospective co-operative productive enterprise:—

1. That the Wholesale Societies shall refrain from entering into the manufacture of articles that are being manufactured by any productive society which is acknowledged by the Co-operative Union to be conducted on what are really co-operative principles, and they shall also agree to take their entire supply of such goods as these productive societies produce, provided that the societies that are their customers can be persuaded that in style, quality, and cost the goods thus produced are equal to what are offered by private firms.

2. That, in the event of either of the Wholesale Societies agreeing to manufacture a class of goods already being manufactured by a productive society, they shall, before taking any action to manufacture the same class of work, make a generous offer to such productive society to purchase the plant of the concern at a valuation.

3. That in no case where the workers were entitled by rule, and hitherto had received a share of the surplus profits, should they be deprived through a change of proprietorship, brought about in this way, from still participating in such a share of the surplus profits.

4. That the productive societies on their part shall agree to withdraw their travellers from calling with their goods on, and shall take no part in the distribution of their goods to, the societies who are members of the Wholesale Societies.

5. In any dispute arising between the Wholesales and the productive societies as to the above arrangements being faithfully adhered to, the same shall be adjudicated upon by a committee, composed of one from each section of the Co-operative Union, with power to consult experts in all matters connected therewith, who shall, as arbitrators, settle the dispute in question, their decision being final.

6. That, in order to assist the productive societies to use every legitimate means to secure an expansion of their trade, by having their goods attractively placed in the principal commercial markets of the world, a federation be formed of all the productive societies, including the two Wholesale Societies, whose principal

functions will be to devise and direct the efforts of members of the federation to overcome such obstacles as may prevent them from securing a share of the trade of home and foreign markets. To facilitate this the Wholesale Societies shall, through their agents and business intercourse in the different countries where they have a commercial connection, render the federation every assistance in its efforts to dispose of the goods of the productive societies to merchants on the Continent, in America, and in the colonies. The federation in such efforts might also be materially helped by the Co-operative Union through its intercourse with the various social organisations with which it may be connected. The federation shall also endeavour to check the starting of productive societies, when there is but a slender prospect of sufficient trade to make them a success, with a view to prevent those abortive efforts to establish co-operative production, that have done no good to the promoters, and much harm to the progress of improved industrial conditions of labour.

In any difficulties that the exertions of the federated societies may experience in the carrying out of this delicate but important function, they could invest the Co-operative Union, our national organisation, with the power to veto the starting of any productive enterprise that had but scant prospect of success, and in any case where such a productive society will persist in forcing itself into existence, it should not be admitted into the federation, and the influence of the Co-operative Union should be put into operation to prevent it from receiving the sympathy and support of the movement throughout the United Kingdom.

A CONSIDERATION OF THE DIFFICULTIES AND OBJECTIONS TO BE OVERCOME IN WORKING OUT PROPOSALS FOR CONSOLIDATION.

There will no doubt at once arise in the minds of many delegates quite a host of difficulties and objections to the scheme as submitted; it will be condemned as being both impracticable in its nature, and unjust in its conditions, it will be said that neither the Wholesale nor the productive societies will ever seriously think of considering, far less of adopting the terms it requires of them to make it a thorough success.

Before, however, sweeping adverse conclusions are come to, it might be well to pause and devote a few sentences to a brief examination to discover if the difficulties that seem so insurmountable to the realisation of its purpose exist in the nature of the scheme or arise out of the attitude assumed by those who oppose it. If it really be the case that the Wholesale Societies have resolved beyond the possibility of reconsideration that they will not consent to any limit being put to the scope of their future efforts in production—if they are determined to insist on reserving to themselves the power at any time to extend their efforts in production to meet the requirements of their trade, regardless of the injurious results such action may exert on the prospects of existing productive societies;

or, on the other hand, if the productive societies are equally resolved they will not yield a single vestige of their right to cover the entire co-operative market with their efforts to dispose of their goods, irrespective of whatever terms of compromise the Wholesale Societies are prepared to offer them in the selling of their goods to the retail societies—then it at once becomes evident that the proposals of the scheme cannot be successfully carried out. Indeed, confronted by such a spirit and principle of competition, and in the face of such a blind tug-of-war policy, it must seem utterly impossible by the adoption of any scheme, no matter what may be the nature of its proposals, either to consolidate or to federate existing productive effort, and the power possessed by each to inflict serious injury upon the other, and thereby to damage or possibly to destroy some of the present and greatly to retard the promoting of future efforts at production, is such that the position must become one of great peril.

If the existing efforts at productive co-operation are to be extricated from the complications, and the many difficulties that surround them effectually removed, the spirit of imperialism will have to be entirely set aside, and the spirit and the practice of mutual concession take its place, because the spirit of mutual concession, earnestly applied, is able to accomplish much that without it would be found impossible. If we allow the same spirit to animate us that permeates the principles of the movement to which we all profess to be so sincerely attached, there can be no fear whatever as regards either the practical nature or the beneficial results of the proposals herein submitted. The scheme from beginning to end is of a purely co-operative character: it invokes the various phases of co-operative production to harmonious action, to work with and for each other, which is the very essence of co-operation, and in every case should be the guiding principle of all co-operative progress.

The first portion of the scheme is simply an effort to put an end to the overlapping and competition which unfortunately exists between the Wholesale Societies and the productive societies, which, if it could be attained with the consent and goodwill of both parties interested, would mark a forward step towards the consolidation of productive effort. Overlapping and competition is recognised as a most dangerous element when existing in connection with our deeply-rooted and firmly-established system of distribution; how infinitely more so must it be when existing in connection with our experimental, and often feeble, efforts at production. In the productive more than in any phase of the movement is it absolutely necessary that the force and power of association should have unbridled play. If competition among societies has and is still inflicting serious injury on the prospects of distribution, surely it is an imperative duty to prevent it from securing a foothold in production.

It is too late to argue, as some do, that the Wholesale Societies should have contented themselves with exercising the functions of distribution, and allowed production to be evolved by productive societies. Without here expressing an opinion as to whether or not production is a legitimate function of the Wholesale Societies, the fact remains that they are at present, and doubtless will continue in the future to be large producers, and the situation must be faced as it presents itself to us. It is claimed by co-operators that by co-operative principles they are encountering and will successfully conquer the fierce competitive system upon which the trade and commerce of the country is presently conducted. It will be a severe and damaging criticism upon the soundness of the principle and the consistency of their professions if it be found that they cannot expel competition from within their own borders. No more convincing proof could be produced of the practical nature of the two first proposals than the fact that an almost similar arrangement is in full operation between the Scottish Wholesale and the Selkirk Tweed Manufacturing Societies and the Manufacturing Society in Huddersfield, managed by the Messrs. Thomson, with much advantage and the most encouraging results to all concerned.

It is very natural to suppose that in the carrying out of such an arrangement as that proposed in the first part of the scheme difficulties and disputes will occasionally occur, and it therefore becomes necessary to provide for their speedy and, if possible, their amiable settlement. The committee suggested in the scheme for the adjustment of all such disputes should recommend itself to most co-operators. The various sections of the Co-operative Union at all times contain many co-operators of eminent ability, of sterling integrity, and of long and wide experience in the work of the movement, men whose deepest sympathies must go out towards the promoting of any effort having for its object the consolidation of productive co-operation, and from among whom it would be an easy matter at any time to select a committee worthy of being entrusted with responsible power as the final settlement of such important and vital issues.

The primary ideal of the co-operative movement is by the spread of its efforts in production to so control the production of the country as to materially elevate the general condition of labour, if possible to eliminate out from the industrial system of the nation the great capitalist who, by the sheer force of immense wealth, is able to command the services, to lay down the remuneration and conditions of labour, and to a large extent control the conditions of life of it may be many hundreds of mere wage hirelings. Hitherto it has, with regret, to be admitted that co-operative productive effort has found it a very difficult task to secure even a limited portion of co-operative trade; but even suppose it were fortunate enough to receive the entire trade of the

co-operative market, then it would be able only to a very partial extent to accomplish its primary object. If productive co-operation is to influence for the better the condition of labour in the mass, it will require to go far beyond its own particular field, and reach the wants of the spending classes through the open markets at home and abroad. But when productive effort encounters such formidable difficulties in securing a firm footing among its own friends, how extreme will the difficulties be in beating down the prejudices and in defeating the numerous antagonistic forces which the resources of private enterprise will bring into the field to oppose the invasion of the open markets by co-operative production.

To accomplish such a feat by the exercise of isolated effort is utterly impossible; to attempt it would be to court disaster; it can only be rendered possible by the firmly welding together of the scattered fragments of productive effort in a compact body, and laying siege to the strongholds of individual enterprise with all the power and discipline of a well-trained force; hence the clear necessity of the federation of existing productive effort. How such a federation is to be accomplished is doubtless beset with many difficulties which will necessitate the application of much patience and mutual forbearance to successfully overcome, but if the intelligence and the business capacity of those most deeply interested, be earnestly applied to the work, it can and will be successfully completed.

A most important function of such a federation would be to at least check, if it could not altogether prevent, the formation of productive societies, in such industries, in such localities, and at such times as the members of the federation were of opinion were unfavourable to extended productive enterprise.

There will be those who are of opinion that to entrust the federation with such power would result in an undue interference with the liberties of individuals. It certainly would constitute an interference with the principle of absolute freedom, but in all well-regulated bodies there is the reign of law, without which there can neither be order nor permanent progress. Law exists not to suppress liberty, but to protect and regulate its actions, and it will be found utterly impossible either to consolidate or federate existing productive effort either now or at any future period unless some thoroughly organised body be fully entrusted with the exercise of such power. The scheme submitted is so far of a democratic nature that it provides in the Co-operative Union a court of appeal against what might be considered an unjust or arbitrary decision on the part of the federation, and considering the democratic method of the appointment of the members of the Union, and the wide field from which its members are selected, the extensive area over which its various sections are planted, and the intelligent knowledge which the sections possess of the condition of the movement all over the United Kingdom, these

constitute the Union an authority most qualified to be vested with the power to veto either the decisions of the federation or the formation of the proposed productive societies, and were its decisions given after most exhaustive investigation, and the most careful consideration of all the circumstances and facts connected with the dispute to be backed with the sympathy and solid support of the movement, an end would ere long be put to the recurrence of those damaging and painful, even though at times heroic struggles for the attainment of an impossible success.

In drawing this paper to a conclusion, I desire briefly, yet earnestly to impress upon the Congress the urgent nature of the necessity that exists for a serious and resolute effort being made to grapple effectively with the difficulties that are stemming the progress and endangering the existence of the productive efforts of the movement. At Glasgow and at Lincoln the question was brought prominently under the notice of Congress; to-day it is again submitted, to be dealt with and disposed of as you may direct, in the name and for the sake of all those eager hopes and aspirations which the principles and aims of co-operative production have awakened in the minds of those who live to labour and labour to live, and for the credit of our business and organising capacity as a body of commercial and social reformers, I call upon you to take such action now as will ensure the lifting of this question out of the region of mere discussion, and an earnest beginning made to deal with its difficulties in an effective and practical manner.

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